

From: David McClure
To: Mike Powell
Date: Wed, Feb 5, 2003 8:32 PM
Subject: UNEP, PLEASE make certain it's not injured by your review this month!

Feb. 5th, 2003

Dear Commissioner Powell and all FCC Commissioners:

YOU NOW HAVE AN HISTORIC OPPORTUNITY TO LOCK IN THE ONLY TRULY WIDELY-AVAILABLE VEHICLE FOR LOCAL PHONE COMPETITION THE UNITED STATES HAS EVER SEEN. PLEASE give your full support to continued availability of the "UNE-Platform."

My company, TeleCom Consultants, Inc., based in Alabama, offers local telephone service since just after the passage of the 1996 Telecom Act in the 48 contiguous states to our small 8 medium Business and Residential clients. We have also offered long distance since early 1990 and high-speed Internet the last several years, so we have 13 years experience in the industry. We are indeed an "advocate" for the unheard masses of smaller businesses and individual consumers who haven't the time nor knowledge - and definitely not the lobbying money - to make themselves heard by you and the Congress as the giant ILECs do constantly, in Washington and the various state PUCs. Lest you think we're another "front" for a large CLEC who feeds us piles of lobbying money, please feel free to call my office at 256-830-4549 or my cell at 256-348-2907, or stop by in Huntsville, AL and see us! We're just a small firm with 5 official employees and several hundred independent Agent Sales Affiliates spread around the country, but we'll fix a nice lunch and a good cup of Joe for you, or already-sweet Iced Tea in the summer if you drop by. We help one small business or homeowner at a time try to figure out the complicated world of telecom and what will be best for them. I'm just taking several minutes away from my selling time to send you this plea on this highly urgent matter.

We represent many Suppliers to our clients, much as an independent Insurance Agent represents many different Insurance companies, helping them choose which CLEC or ILEC has the best service in their area, as well as the best pricing & availability. In most rural areas, even 7 years after the Telecom Act, our clients have zero choice, or maybe 1 or 2 options for their services other than the old Monopoly ILEC provider - and the savings they can realize are weak, usually only 10-15% off the ILEC prices. And rural broadband in most areas is very expensive or non-existent (except for the new Satellite services just now starting to be offered, which we're pleased about being able to sell now).

While much of the telecom industry imploded the last 2 years, my firm has seen exponential growth far greater than ever in our 13 years during each of the last 2 years. The reason for this added success is largely due to the Suppliers for which we primarily market, and their UNE Platform programs. To maintain this market momentum and remain competitive, to be able to reach critical mass where it becomes feasible and profitable to build their own facilities in areas/Central Offices where they have sufficient concentrations of customers, it is absolutely critical that our CLEC Suppliers have continued access to the

UNE-Platform

The rural area UNEP rates should be required to be reduced, not increased as the Bells are requesting! Historically, the RBOCs have provided the same or lower retail per-line costs to rural end-users than to urban end-users, which obviously isn't cost-based. It costs RBOCs much more to maintain / install lines in rural areas, but they averaged the cost over all areas, so it was much easier for the many urban customers to pay slightly more on their many lines than for rural customers to pay FAR more on their few lines, a good plan that worked. So why do all the RBOCs discount far more to the CLECs on the UNE Platform in the metro markets than in the rural areas? Why do so many UNEP CLECs now offer service ONLY in Zone 1 or Zones 1-2 (large urban) areas and will not serve rural clients at all? And the CLECs who DO now offer service in the rural areas only provide maybe a 10-15% discount to the end users? Simply because the discount off RBOC retail rates is very small on the UNE Platform in rural areas, so the CLECs cannot afford to discount much, nor pay **us** much to go **see/sell** those clients. Shouldn't the UNE discounts also be averaged, so the urban areas get a slightly smaller UNEP discount and the rural areas get the same, just as was always done with RBOC retail pricing? Do we really want to leave all the rural customers with little or no choices and very small savings possible, if any?

We do now have RBOCs who have some true, serious facilities-based competition in major metro, and even some Tier 2 and Tier 3, cities. My firm sells for over a dozen of those CLECs, and we love dealing with several of them. But many are struggling **just** to pay the huge debt load incurred to build what network they do have. Many others are already stiffing investors for Billions (and not paying us Agents who got the accounts away from the RBOCs for the CLECs to begin with!!), through Bankruptcy. Those competing physical networks are why - the ONLY real reason in my opinion, other than the requirements placed on RBOCs (thank goodness) by Regulators such as yourselves and the PUC/PSCs - that RBOCs do offer a significant discount in metro areas on the UNEP. RBOCs know that if the CLECs can offer a sizable discount to an end-user while allowing them to remain on the incumbent's network, the RBOC may not lose them to a totally separate network, but if the discount is small to the CLEC, the end-user gets a small discount offered from a UNEP CLEC, the client sees MUCH larger savings from a Facilities-CLEC and Boom, they're gone to a separate network.

But in rural areas, the RBOCs know they still have virtually no facilities competition so they purposely offer very little discount to UNEP CLECs. Again, the rural clients are being left out in the cold.

Originally, beginning in 1996, as I'm sure you're aware, the RBOCs only offered CLECs the Resale Platform (TSR), offering only the minimum required discounts on resale of 17% - 21% in most states. After only a small, not-very-compelling 5% - 10% discount to the end user and an equally non-compelling 5% commission to **us**, the Suppliers usually had **just** enough margin left to cover most of their operating expenses and only lose a small amount of money - on every customer they enrolled!! Therefore few CLEC Suppliers even offered resale local service, fewer still had much success gaining clients (and many of those few clients were chased off by the RBOCs fouling up the end-user's services after cutover & blaming the CLEC! - I have documented proof of case after case where this occurred). Then as UNEP was required, with mandated much larger discounts to the CLECs during the last 2-3 years, **we have seen** MANY more solid offerings from many more CLECs with sizable enough discounts/savings to the end users, usually 20% - 45%, and large enough commissions that my salespeople can make a real, decent living. And yet, after passing more savings to the end users and more commissions to my firm / my sales personnel, these UNEP CLEC Suppliers are still able to, when efficiently run (as many of them are now), maintain enough Customer Care staff to answer the phone with live, well-trained personnel in under a minute of hold time - JUST the sort of excellent service clients want, in addition to the savings. UNEP IS

THE ONLY REASON MOST OF THESE SUPPLIERS CAN DO THIS AND MAKE AN ACTUAL PROFIT.

Unfortunately, the Regional Bell Operating Companies have launched a full-scale attack on the UNE-Platform, realizing it is a major threat to their continued market dominance. Their strategy is to impose certain restrictions on individual network elements that would destroy the competitive value of the UNE-Platform. If the RBOCs succeed, it will all but end any chance for consumers to enjoy the benefits of meaningful competition in local phone service. Certainly it will slow the growth of competition back to the snail's pace we saw in 1996 - 2000, or worse.

I've heard & read in trade journals many comments, usually from RBOC personnel or supporters, that as long as UNEP rates are kept low, all or most CLECs will simply opt to stay fully on the UNE Platform and never build their own facilities, therefore never providing innovative new services. pricing, etc. to American end-users. Absolute hogwash. Exactly the opposite is true. Simply review history and you can see a very similar situation in the long-distance industry de-regulation. When I began in telecom in early 1990, about 6 years after the break-up of AT&T and Bell, we could not even port 800 numbers, much **less** local line numbers. And AT&T still had 90+% of the long-distance market share over 6 years after the Breakup. AT&T clobbered themselves for years fighting the ability of resellers to use their network, buying it at wholesale cost and reselling at a profit. Yet Regulators such as yourselves, your predecessors, stuck to the plan and forced AT&T to allow resale at reasonable discounts where resellers could make a profit. Larger hybrids, such as MCI & Sprint, **appeared/grew** shortly after the 1984 Breakup. owning facilities on some routes and reselling minutes on others. As they gained market share, they buried more fiber. Smaller resellers grew and began building more networks, from regional to worldwide, then resellers began buying wholesale from the newer networks instead of AT&T, which forced AT&T - by MARKET PRESSURE, finally - to lower their wholesale rates to remain competitive so they didn't lose all the business to separate networks, instead just losing their own retail business to their own wholesale, which was the smaller loss.

Was this fair of America? To require a company to allow resale of its network when it didn't want to? And at rates low enough where competitors could flourish? Certainly it was, in light of the fact that America had just protected AT&T from all competition for 100 years until it had become a wildly profitable behemoth. If AT&T had reached that point in the face of full competition, that would have been a very different story. SO, now we have an almost identical situation with the RBOCs. They were protected from all competition for over 100 years, allowed to become almost insurmountably powerful - and their networks were built on a guaranteed-not-to-fail basis, no matter how inefficient at business they were, they had guaranteed profit. Therefore it's perfectly appropriate that we use that ubiquitous network to benefit all competitors - and therefore consumers - in local competition just as we did in long distance. Let's not lose sight of that while making tough choices.

The CLECs, if allowed to continue to prosper and gain market share for the next several years with low enough UNEP rates, will begin to reach critical mass in many small-to-medium cities and will build local networks to serve clients even better, just as LD networks did in the early 90's. If you take away the requirement for decent discounts and/or the requirement for certain critical service elements from *the UNE* Platform, such as switching, so CLECs could not then gain many clients very quickly, you would then require the CLECs to go where for the money to build new networks? Wall Street? We've seen how viable that is for the last 2+ years. Building local networks is much more complicated, time-consuming and costly than building long-haul LD networks. Give UNEP time and you'll see it work. We'll have multiple competitive facilities all across America (except still not much wireline-based in rural areas). Don't kill a process that's working, as UNEP finally is. Instead. strengthen UNEP with requiring larger rural-area

discounts from the RBOCs to the CLECs.

Finally, I see only two possible options to make real facilities-based competition work. The UNE-Platform should be firmly and permanently established as a viable service option for competitive telecom carriers, which will lead **us** relatively quickly into much more facilities competition since CLECs will actually have real customers, real cash-flow & real profits with which to justify the tremendous investment local facilities require

Or you could break the RBOCs into two separate entities, wholesale and retail -which is actually my strongest preference, but I don't hold much hope that Congress and/or the FCC & PUCs will take this step. That's why I put so much time above into "voting" for UNEP, it seems quite realistic to be continued as is and/or improved and is the only real hope other than separation.

But, as for Structural Separation: combine all the wholesale entities nationwide into one huge Network Provider that is allowed to charge exact costs to maintain and build out the network as needed by any Retail LEC, but make no profit. All Retail LECs would then buy at the same costs for all elements as any other LEC, Bell retail included -they pay the same cost as all CLECs pay to the separate wholesale Provider. Then you'll have true parity in competition (except that the Bell Retail entities would still have the tremendous brand-name recognition advantage over all CLECs except AT&T). **AND YOU WOULD SUDDENLY SEE A MASSIVE SHIFT IN THE RHETORIC COMING FROM THE RBOCS!!** If a Bell retail unit (which Bell would make no difference) had to buy from the Wholesale Bell at the same rates as all CLECs, say the current UNEP rates, suddenly Retail Bell would NEVER make a claim that the UNEP rates were too low, as they now claim, in fact they would claim they are too high, especially in the 14 US West/Quwest states and rural areas

Thank you very much for your time and attention to this critical matter. And thanks for the time to read my long discussion. I trust that you'll do the right thing for small businesses and consumers all across America by supporting full UNEP.

Sincerely,

David A. McClure, President
TeleCom Consultants, Inc
Huntsville, AL
"The Finest in Telecommunications Services & Advice for over 12 years"
256-830-4549
Cell: 256-348-2907

CC: Kathleen Abernathy, Michael Copps, KM KJMWEB, Commissioner Adelstein

From: Deana Corsetti
To: Michael Copps
Date: Wed, Feb 5, 2003 5:04 PM
Subject: SAVE UNE-P

<<UNE-Platform Letter Michael Copps.doc>>

Deana **M.** Corsetti
Access One, Inc.
Post Sales Marketing Representative
P: 312 441-1000 ext. 935
F: 312 441-1010



February 5th, 2003

Dear Commissioner Michael Copps:

I ask your support for the continued availability of the "UNE-Platform."

My company, Access One, offers local telephone service in select SBC territories. The company has achieved increasing success largely because it utilizes the combination of "unbundled network elements" – the UNE-Platform – to serve customers. It is absolutely critical that we have continued access to the UNE-Platform to remain competitive.

Unfortunately, the Regional Bell Operating Companies have launched a full-scale attack on the UNE-Platform, realizing it is a major threat to their continued market dominance. Their strategy is to impose certain restrictions on individual network elements that would destroy the competitive value of the UNE-Platform. If the RBOCs succeed, it will all but end any chance for consumers to enjoy the benefits of meaningful competition in local phone service.

Please oppose any effort at the Federal Communications Commission or at state agencies to limit the availability of the UNE-Platform. The UNE-Platform should be firmly and permanently established as a viable service option for competitive telecom carriers.

Thank you very much for your time and attention to this important matter.

Sincerely,

Deana M. Corscitti
Post-Sales Marketing Representative
Access One Incorporated

From: Deanne Costanzo
To: Michael Copps
Date: Wed, Feb 5, 2003 4:24 PM
Subject: <No Subject>

Thanks!

Deanne Costanzo

Access One, Inc.

820 **W.** Jackson, Suite 650

Chicago, IL 60607

312-441-9955 (Direct)

800-804-0940 x. 955 (Toll Free)

888-744-0512 (Fax)



February 5th, 2003

Dear Commissioner Michael Copps:

I ask your support for the continued availability of the "UNE-Platform."

My company, Access One, offers local telephone service in select SBC territories. The company has achieved increasing success largely because it utilizes the combination of "unbundled **network** elements" – **the** UNE-Platform – to serve customers. It is absolutely critical that we have continued access to the UNE-Platform to remain competitive.

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Please oppose any effort at the Federal Communications Commission or at state agencies to limit the availability of the UNE-Platform. The UNE-Platform should be firmly and permanently established as a viable service option for competitive telecom carriers.

Thank you very much for your time and attention to this important matter.

Sincerely,

Deanne Costanzo
Accounts Receivables
Access One Incorporated

From: Deborah Powell
To: Michael Copps
Date: Thu, Feb 6.2003 8:03 AM
Subject: UNE-Platform SUPPORT

Dear Commissioner Copps:
Please support the UNE-Platform. I have attached my letter for your consideration.

Thank you,

Deborah F. Powell
Carolina Telecom
Tel: 864-306-9900
Fax: 864-859-7592
dpowell@carolinatele.com

February 5, 2003

Dear Commissioner:

I ask your support for the continued availability of the "UNE-Platform."

My company, Carolina Telecom, Inc., offers local telephone service in South Carolina, North Carolina, Georgia, and other states in the southeast. The company has achieved increasing success largely because it utilizes the combination of "unbundled network elements" - the UNE-Platform - to serve customers. It is absolutely critical that we have continued access to the UNE-Platform to remain competitive.

Unfortunately, the Regional Bell Operating Companies have launched a full-scale attack on the UNE-Platform, realizing it is a major threat to their continued market dominance. Their strategy is to impose certain restrictions on individual network elements that would destroy the competitive value of the UNE-Platform. If the RBOCs succeed, it will all but end any chance for consumers to enjoy the benefits of meaningful competition in local phone service.

Please oppose any effort that will limit the availability of the UNE-Platform. **The UNE-Platform should be firmly and permanently established as a viable service option for competitive telecom carriers.**

Thank you very much for your time and attention to this important matter.

Sincerely

Deborah F. Powell
President
Carolina Telecom, Inc.

From: Dial, Patrick
To: Michael Copps
Date: Wed, Feb 5, 2003 4:44 PM
Subject: Save UNE P

> <<...OLE-Obj...>>
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>
> 115 Stevens Ave.
> Valhalla. NY 10595
>
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>
>
> February 5, 2003
>
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>
> Dear Commissioner Michael J. Copps:
>
> I ask your support for the continued availability of the "UNE-Platform."
>
> My company, BridgeCom International, Inc., offers local telephone service
> in NY, NJ, and MA. The company has achieved increasing success largely
> because it utilizes the combination of "unbundled network elements" - the
> UNE-Platform - to serve customers. It is absolutely critical that we have
> continued access to the UNE-Platform to remain competitive.
>
> Unfortunately, the Regional Bell Operating Companies have launched a
> full-scale attack on the UNE-Platform, realizing it is a major threat to
> their continued market dominance. Their strategy is to impose certain
> restrictions on individual network elements that would destroy the
> competitive value of the UNE-Platform. If the RBOCs succeed, it will all
> but end any chance for consumers to enjoy the benefits of meaningful
> competition in local phone service.
>
> Please oppose any effort that will limit the availability of the
> UNE-Platform. The UNE-Platform should be firmly and permanently
> established as a viable service option for competitive telecom carriers.
>
> Thank you very much for your time and attention to this important matter.
>
> Sincerely,
>
>
>
> Patrick Dial
> Agent Sales Manager
> BridgeCom International, Inc.
>

From: district35@sov.state.va.us
To: Michael Copps
Date: Thu, Feb 13, 2003 11:48 AM
Subject: UNE-P

Please see attached letter from Senator Richard Saslaw. Minority Leader,
Senate of Virginia.

(See attached **file:** Copps.doc)

Janet Muldoon
Legislative Assistant
District 35
Senate of Virginia



February 13, 2003

Dear Commissioner Copps:

My constituents who are consumers of local phone services, and for that matter nearly all Virginians, have been waiting seven years to get the lower prices and expanded services that were supposed to come when the Telecom Act of 1996 declared the Bell companies' regional monopolies open to competition. Now, just as local phone competition is beginning to take hold in some states and consumers are receiving tangible benefits, it looks like the FCC is ready to pull the rug out from under wide-spread competition and actually strengthen Verizon's monopoly.

This would happen if new rules were promulgated that overturn the Telecom Act requirement that the Bells offer competitors access to the unbundled network elements platform (UNE-P) at reasonable wholesale rates under reasonable terms and conditions. As you know, this leasing arrangement has facilitated virtually all of the non-business local phone competition that's taken root so far. Consumers in many states now enjoy lower phone prices and better value because of the availability of UNE-P. We want this in Virginia, but it will not happen in our lifetimes if the FCC kills these network-leasing requirements and stifles competition along with it. And while CATV does offer the prospect of an alternative to Verizon's services, the cable industry continues to aggressively pursue bundled services that include telephone as part of an entertainment package, but for obvious reasons do not appeal to all Virginians. First prospective customers must have cable access, then they must be able to afford the bundle of services: continuation of UNE-P does not impose these restrictions/pre-conditions on the consumer.

Sincerely,

Richard L. **Saslaw**
Minority Leader
Senate of Virginia

From: district37@sov.state.va.us
To: Michael Copps
Date: Wed, Feb 5, 2003 2:14 PM
Subject: UNE-P Rules

The Honorable Michael J. Copps
Commissioner
Federal Communications Commission

Re. UNE-P Rules and Local Phone Competition.

Dear Commissioner Copps:

I am writing to encourage the Federal Communications Commission to foster competition in the local telephone market by preserving the requirement set forth in the Telecommunications Act of 1996 (the "Act") that the former Bell Operating Companies offer competitors access to the unbundled network elements platform ("UNE-P") at reasonable wholesale rates under reasonable terms and conditions.

Any effort to restrict UNE-P line sharing rules will choke off the only feasible avenue for competition for local telephone service. It is my understanding that the two other methods available to competitors under the Act, either building a parallel network or purchasing services from a Bell for resale to consumers, have proven to be economically unrealistic in the marketplace.

While cable television may offer an alternative for local phone service, only some consumers will find cable a viable option. Many consumers either do not have access to cable or are uninterested in (or cannot afford) the bundled services (entertainment packages that include telephone service) currently offered by the cable industry.

Consumers in many states now enjoy lower phone prices and better value because of the availability of UNE-P. My constituents and other Virginians throughout our Commonwealth, however, are still waiting for the most part to obtain the lower prices and expanded services that were expected from the passage of the Act. Virginia's State Corporation Commission should be permitted to establish UNE prices in Virginia. Fair and reasonable UNE rates will open up true competition in the local phone market with better prices and more choices for consumers.

Sincerely,

Ken Cuccinelli
Senator, 37th District
Commonwealth of Virginia
(804) 698-7537
P.O. Box 684
Centreville, VA 20122

From: Don Walsh
To: Michael Copps
Date: Thu, Feb 6, 2003 9:47 AM
Subject: Please don't destroy what we have built

February 6, 2003

Dear Commissioner Michael J. Copps:

I ask your support for the continued availability of the "UNE-Platform."

My company, Cornerstone Telephone Company, offers local telephone service in New York State. The company has achieved increasing success largely because it utilizes the combination of "unbundled network elements" - the UNE-Platform - to serve customers. It is absolutely critical that we have continued access to the UNE-Platform to remain competitive.

Unfortunately, the Regional Bell Operating Companies have launched a full-scale attack on the UNE-Platform, realizing it is a major threat to their continued market dominance. Their strategy is to impose certain restrictions on individual network elements that would destroy the competitive value of the UNE-Platform. If the RBOCs succeed, it will all but end any chance for consumers to enjoy the benefits of meaningful competition in local phone service.

Please oppose any effort that will limit the availability of the UNE-Platform. The UNE-Platform should be firmly and permanently established as a viable service option for competitive telecom carriers.

Thank you very much for your time and attention to this important matter

Sincerely,

Donald Walsh
C.O.O.
Cornerstone Telephone Company

From: Eric DeGonia
To: 'Eric Degonia'
Date: Wed, Feb 5, 2003 11:17 PM
Subject: SAVE UNE-P

Eric DeGonia
ResourceSys

2429 Compadre Drive
Santa Rosa, CA 95405
888-295-7659 Toll Free Office
707-545-4501 Local
888-895-8215 Toll Free Fax
<http://www.resourcesys.com>

Spectel Audio Conferencing Bridges
Polycom Audio & Video Conferencing Systems
Avaya Telecommunications Equipment
Plantronics Headsets

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Wednesday February 05, 2003

Dear (Commissioner, Representative, **Senator**):

I ask your support For the continued availability of the "UNE-Platform."

My company, ResourceSys, offers local telephone service in Northern America. The company has achieved increasing success largely because it utilizes the combination of "unbundled network elements" -- the UNE-Platform -- to serve customers. It is absolutely critical that we have continued access to the UNE-Platform *to* remain competitive.

Unfortunately, the Regional Bell Operating Companies have launched a full-scale attack **on** the UNE-Platform, realizing it is a major threat to their continued **market** dominance. Their strategy is to impose certain restrictions on individual network elements that **would** destroy **the** competitive value of the UNE-Platform. If the **RBOCs** succeed, it will all but end any chance for consumers to enjoy the benefits of meaningful competition in local phone service.

Please oppose any effort that will limit the availability of the UNE-Platform. The UNE-Platform should **be** firmly and permanently established as a viable service option **for** competitive telecom carriers.

Thank you very much for your time and attention to this important matter

Sincerely

Eric DeGonia
President
ResourceSys

From: Fagin. Robert (Exchange)
To: Fagin. Robert [Exchange]
Date: Fri. Feb 7, 2003 11:49 AM
Subject: ATBT [T]: Bear Stearns Report - "ATBT Without UNE-P: Scenario Analysis"

Attached, please find our report on ATBT Corp., "ATBT Without UNE-P: Scenario Analysis".

Key Points:

ATBT WITHOUT UNE-P? The FCC's final Order on which network elements (UNEs) the RBOCs need to wholesale to competitors is fast approaching. Thus, we believe investors will place increased focus on what ATBT's contingency plans will be if switching availability is phased out by the Commission, given that local represents 15% of ATBT Consumer 2003 revenue, by our estimate.

UNE-L MORE EXPENSIVE TO OPERATE. A UNE-L-based local business would be far more expensive than a UNE-P-based business to operate. By our estimation, it may be impossible for ATBT to make money on the local portion of service using UNE-L. However, given the strategic importance of local to ATBT, we believe the company will not exit the local market. ATBT could rely on its own network of switches, use switches of other CLECs, or even lease switching capacity from the RBOCs at negotiated rates in a UNE-L scenario. Service resale may also be an alternative.

* **HOT CUTS AN IMPORTANT REGULATORY CONSIDERATION.** Any use of a UNE-L-based platform will occur only if the FCC offers specific safeguards in its forthcoming UNE Order providing for timely, accurate, and cost-effective hot cuts.

VALUATION IMPACT IS MINIMAL. From a valuation perspective, we believe the market has assigned little value to AT&T's Consumer unit as a whole. Thus, in the final analysis, even if ATBT were to stop offering local service altogether (which seems to be the extreme scenario), the impact on the stock should be minimal.

<<BSC ATBT Report02-03.pdf>>

Bear Stearns U.S. Wireline Services Equity Research

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Michael E. Love, CFA / 212-272-9216 / mlove@bear.com

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Steven L. Randall / 212-272-9408 / srandall@bear.com

Recent Bear Stearns U.S. Wireline Services Reports & E-Mails: Please Call or E-mail Us For Copies

02/10/03 - ATBT - ATBT Without UNE-P. Scenario Analysis

02/06/03 - Industry - Bear Stearns Telecommunications Regulatory

Update (Qwest UNE-P Proposal)

* 02/05/03 - Sprint Corp. - Revenue Down, But Cash Flowing

02/04/03 - Time Warner Telecom - Fundamentals Remain Weak

- * 02/04/03 - Level 3 - Onetime Items Impact Quarter; Genuity Acquisition Closes
- 02/03/03 - Citizens Communications - 4Q02 Preview & Rochester ILEC Management Changes
- * 01/30/03 - CenturyTel - 4Q02: Another Upside Surprise
- * 01/29/03 - Equant - No Revenue Growth Expected in 2003
- 01/29/03 - ALLTEL - Info Services Business Unit Sale Brings Focus to Telecom: Growth Under Pressure
- 01/29/03 - Verizon - Once Again - The Best of the Bunch
- 01/27/03 - Industry - Update On Telecom Regulation: Questions and Answers
- 01/24/03 - BellSouth - Weakness Continues
- 01/24/03 - AT&T - Focus Shifts To Valuation
- 01/16/03 - Verizon - Reducing 2003 Estimates
- 01/14/03 - Industry - Highlights From FCC Congressional Testimony
- 01/14/03 - WorldCom - Announces 100-Day Plan
- * 01/14/03 - Industry - 4Q02 Wireline Services Earnings Preview
- * 12/16/02 - Commonwealth Telephone Enterprises - Upgrading to Outperform
- * 12/12/02 - ATBT - Company Update
- * 12/12/02 - Sprint Corp. - New Guidance: Cash Is King
- 12/06/02 - Sprint Corp. - Analyst Day Handbook
- 12/06/02 - Verizon - No Escaping Pension Pain
- * 12/03/02 - ALLTEL - Downgrading to Peer Perform Based on Valuation
- 12/03/02 - Citizens Communications - Updating Model Based on Recent Events
- 12/03/02 - Industry - Adjusting 2003 RLEC EPS Estimates for Pension/PRB
- 11/29/02 - Level 3 - To Buy Genuity
- * 11/20/02 - ALLTEL - Notes from Meeting With Management (e-mail)
- * 11/19/02 - Verizon - Notes from Meeting With Management (e-mail)
- * 11/19/02 - BellSouth - Highlights of Analyst Day (e-mail)
- * 11/14/02 - SBC Communications - Reducing 2003 Estimates
- 11/13/02 - BellSouth - Analyst Day Handbook
- * 11/12/02 - Industry - Notes from our Conversation With Telecom Contract Negotiation Consultancy
- 11/12/02 - Commonwealth Telephone Enterprises - Files Shelf for 4.7M Shares
- * 11/08/02 - Citizens Communications - Gaining Traction on Several Fronts
- 11/07/02 - Commonwealth Telephone Enterprises - Still Going... Solid 3Q

PLEASE REFER TO THE ATTACHED DOCUMENT(S) FOR A COMPLETE RECOMMENDATION ANALYSIS AND IMPORTANT DISCLOSURE INFORMATION.



Equity Research
U.S. Wireline Services

AT&T Corp.

(T-18.57)

Stock Rating Outperform

Sector Rating Market Weight

Target Price
\$25

Valuation Method
Sum of the Parts

52-Week Range
\$29-\$17

GAAP EPS
2001: \$12.51
2002: \$(17.08)
2003E: \$1.85

P/E
2002: NM
2003E: 10.0x

Dividend
\$0.75

Yield
4.0%

Common Shares (mil)
776

Equity Market Capitalization (\$ mil)
\$14,410

Book Value per Share
\$16.07

Est. 5-Yr EPS Growth Rate
NM

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AT&T Without UNE-P: Scenario Analysis

n **ATBT WITH OUT UNE-P?** The FCC's final Order on which network elements (UNEs) the RBOCs need to wholesale to competitors is fast approaching. Thus, we believe investors will place increased focus on what AT&T's contingency plans will be if switching availability is phased out by the Commission, given that local represents 15% of AT&T Consumer 2003 revenue, by our estimate.

n **UNE-L MORE EXPENSIVE TO OPERATE.** A UNE-L-based local business would be far more expensive than a UNE-P-based business to operate. By our estimation, it may be impossible for AT&T to make money on the local portion of service using UNE-L. However, given the strategic importance of local to AT&T, we believe the company will not exit the local market. AT&T could rely on its own network of switches, use switches of other CLECs, or even lease switching capacity from the RBOCs at negotiated rates in a UNE-L scenario. Service resale may also be an alternative.

n **HOT CUTS AN IMPORTANT REGULATORY CONSIDERATION.** Any use of a UNE-L-based platform will occur only if the FCC offers specific safeguards in its forthcoming UNE Order providing for timely, accurate, and cost-effective hot cuts.

n **VALUATION IMPACT IS MINIMAL.** From a valuation perspective, we believe the market has assigned little value to ATBT's Consumer unit as a whole. Thus, in the final analysis, even if ATBT were to stop offering local service altogether (which seems to be the extreme scenario), the impact on the stock should be minimal.

Please read the important disclosure information on the last two pages of this report.

www.bearsteans.com

FEBRUARY 6, 2003

AT&T CORP. (T-18.57)
**BEAR
STEARNS**
Company Description:

AT&T Corp provides voice data and video communications services to large and small businesses consumers and government entities AT&T and its subsidiaries furnish domestic and international long distance regional and local communications services and Internet communications services AT&T also provides directory and calling card services to support its communications business

Key Upcoming Events/Developments:

February 13, 2003 FCC meeting likely vote on UNE Order

CAPITALIZATION (2/4/03)

	\$ Mil.	%
Net Debt	14,560	50.3
Market Equity	14,410	49.7
TOTAL	28,970	100.0

KEY FINANCIAL RATIOS

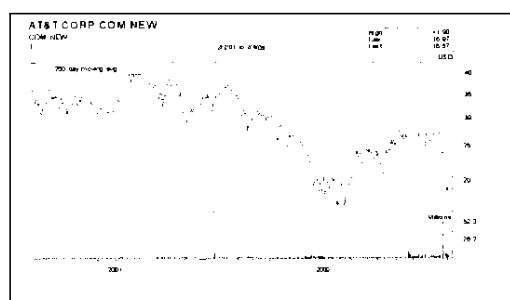
Net Debt/Market Equity	101.0%
ROA LTM	(10.2)%
ROE LTM	(33.14)%

VALUATION

	2002	2003E
Price/Earnings	14.7x	10.0x
Enterprise Value/EBITDA	3.1x	3.4x

BENCHMARKS

	2002E	2003E
S&P 500	17.9x	16.3x
P/E Relative to Market	0.8x	0.6x



Source: FactSet Research Systems Inc.

QUARTERLY EARNINGS PER SHARE

	2001	2002	2003E
March	\$1.32	\$0.60	\$0.50
June	0.48	0.80	0.53
September	(2.68)	0.67	0.45
December		(0.79)	0.37
YEAR	\$(0.91)	\$1.26	\$1.85

FINANCIAL SUMMARY

(\$ in millions except per share data)

(\$ in millions except per share data)										Diluted	EPS from
Year -	Revenue	Operating Income	Net Income	GAAP EPS	Diluted	EPS from	Diluted	EPS from	Diluted	EPS from	
2003E	\$34,621	\$26,699	\$8,357	24.1%	\$3,456	10.0%	\$1,438	\$1.85	\$1.85	\$1.85	
2002	37,827	29,464	8,363	22.1	4,361	11.5	963	(17.08)	1.26	1.26	
2001	42,197	33,576	79.6	8.621	20.4	7.832	18.6	71	12.51	(0.91)	

All pricing is as of the market close on February 4, 2003, unless otherwise indicated.

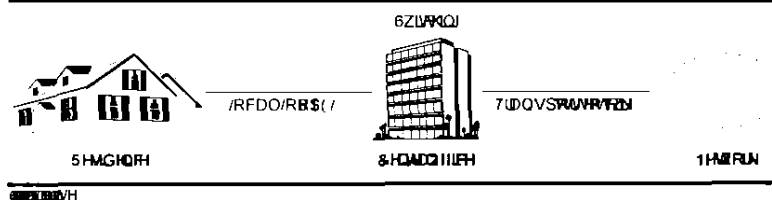
AT&T Without UNE-P: Scenario Analysis

Today, the regional Bell operating companies (RBOCs) must wholesale certain of their key network elements to competitors. Collectively, these elements are known as UNE-P, or the unbundled network element platform (see Exhibit 1).

The Federal Communications Commission is currently concluding its Triennial Review of which network elements the RBOCs must continue to provide. It is widely speculated that the requirement to offer unbundled switching to competitors will be phased out (at least in certain circumstances) when the FCC issues its final Order on the UNE issue. _____

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REASONS TO INVEST

- CE Strong Cash Flow. Significant
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 ne 2002
 the 2002
 2002

- (E) **Attractive Valuation.** Our sum-of-the-parts model assigns what we consider to be conservative multiples to AT&T's major business segments. We assign a 1.0x multiple to the company's 2003 Consumer EBITDA and a 4.5x multiple to Business EBITDA, resulting in an overall target multiple of 4.0x 2003 EBITDA. On a PIE basis, our valuation would imply a 20% discount to the S&P 500. The cash flow yield of 22% is also noteworthy. Our price target of \$25 implies upside of more than 30% from current levels.
- (E) **Strong and Leverageable Brand Name.** AT&T currently serves about 50 million consumers and four million business customers. AT&T's brand name is recognized worldwide, providing the company with the scale to effectively attract customers and roll out new products.

INVESTMENT RISKS

- (E) **Economic Weakness.** A weak enterprise spending environment would continue to pressure sales.
- (E) **Consumer Market Pressure.** The strain of technology substitution, RBOC entry into the long distance market, and potential changes to the regulatory environment impair visibility and create risk. In addition, lower-margin products, such as prepaid cards, are being substituted for traditional service.
- (E) **Margin Crossover.** Margins are further pressured by a decline in higher-margin voice products and growth in lower-margin data/IP revenue. A mix shift from retail to wholesale is having a similar impact.
- (E) **Repricing of Contracts.** As enterprises renew long-term contracts with AT&T, they do so at less attractive prices.

VALUATION

Our target price of \$25 is based on a sum-of-the-parts valuation (outlined in greater detail on page 18) that assigns a 1.0x multiple to AT&T's 2003 Consumer EBITDA and a 4.5x multiple to its 2003 Business EBITDA.

\$77:RXOG/LNH O\5HP DL QLQ/RF DO

**WE DOUBT ATLT
WOULD ABANDON
LOCAL MARKET IF
FCC PHASED OUT
SWITCHING FROM
AVAILABLE ELEMENTS**

While othw competitors *may* be forced to *shy away* from the local market if switching is phased out, we believe that ATBT will *continue* to pursue the local market due to the *strategic* importance of the service and the *scale* already *achieved* (e.g., mid-teens market share in New York). If switching were *phased* out of the list of required elements, ATBT could *rely* on *its* own network of 165 5E switches (deploying additional *assets* as *necessary*), use switches of othw CLECs, *or* even lease switching *capacity* from the RBOCs at *negotiated* rates (if that option were economically viable) to *support* a UNE-L-based model. An optimistic *speculation* might be that ATBT could even use its network fabric to *become* a *wholesale* provider of switch *capacity* to other CLECs. Service resale may also be an option.

Available Switching

According to a recent filing by SBC Communications, CLECs have deployed 1,300 circuit switches that can be used to serve local customers. This is essentially consistent with telecommunication market research firm New Paradigm Resources Group's assessment that 1,221 CLEC voice switches were operational at the end of 2002. According to SBC's data, at least one CLEC switch exists in the wire centers serving 84% of RBOC residential lines (and at least one switch in 78% of central offices with more than 5,000 lines); at least two CLEC switches exist in the wire centers serving 76% of RBOC residential lines (and at least two switches in 63% of central offices with more than 5,000 lines).

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OPERATING A UNE-L-
BASED LOCAL
BUSINESS WILL BE
MORE EXPENSIVE
THAN A UNE-P-BASED
BUSINESS

The analysis below demonstrates the differences in how costs are distributed in a UNE-P versus a UNE-L model.

There are literally hundreds of variables that can be used to determine a UNE-L cost model (see Exhibit 5). Our model depicts somewhat lower costs associated with supporting a UNE-L-based consumer local model than models filed with the FCC by ATBT and WorldCom. However, all analyses (even our model with lower assumptions than those of the IXCs) point in one direction — a negative free cash flow model for UNE-L service.

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Our key assumptions include the following:

- ⊞ ATBT has stated the ARPU for local service for its UNE-P customers is \$28-\$43. A recent TNS Telecoms/Yank ee Group study put average CLEC ARPU at \$39 (about \$3 above the midpoint of AT&T's stated range). Furthermore, AT&T has stated that it requires a gross margin of at least 45% to enter a local market with an UNE-P offering. These factors drive our ARPU assumption of about \$38 for both the UNE-P and UNE-L-based model, as well as our connectivity cost assumption for UNE-P. Our UNE-L connectivity cost assumption is based on regulatory filings and discussions with service providers. Connectivity expense is both a larger absolute and larger percentage of the total variable expense for UNE-P.
- ⊞ The UNE-P sales expense is assumed to be lower due to lower breakage, and the UNE-P customer care expense is assumed to be less due to better provisioning productivity and no field operations expense. In both the UNE-P and UNE-L models, sales and customer care costs decline over time. For UNE-L, we have also assumed Certain added engineering costs associated with deployment.
- ⊞ The UNE-L model adds the recurring monthly charges for loop-to-collocation cross connects and assumes collocation is not already in place. In some states (such as California), there is no monthly recurring charge for loop-to-collocation cross connects, and very often, collocation is indeed already established (though some cost would still need to be allocated to local voice if the space were thus utilized). For example, SBC claims that 70% of its central offices with more than 5,000 access lines already have collocation (though the extent is unclear).

- ```
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- (E) Our findings are consistent with filings by both SBC Communications and ATBT demonstrating that CLECs would incur at least \$10 more in total costs per month (including sales, marketing, and engineering costs) to serve analog local customers using unbundled loops.
- (E) According to an AT&T filing with the FCC, ATBT Consumer would "never catch up with the cash burn" if the company built local facilities before achieving a broad base of local voice and DSL customers. This is consistent with our assumptions.
- (E) The figures in our model represent assumptions for only the local portion of ATBT's All Distance (local plus long distance) consumer product offering as we attempt to analyze the financial impact of a UNE-L-based offering versus a UNE-P-based offering. Versus standalone local, the actual economics of All Distance are improved by the addition of long distance service.

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As evident from the above analysis, in a UNE-L-based model, significant capital investment is required. The capital spending figures incorporated in our model above are further detailed in Exhibit 8.

Exhibit 9 plots these required expenditures on a diagram of a UNE-L-based network.

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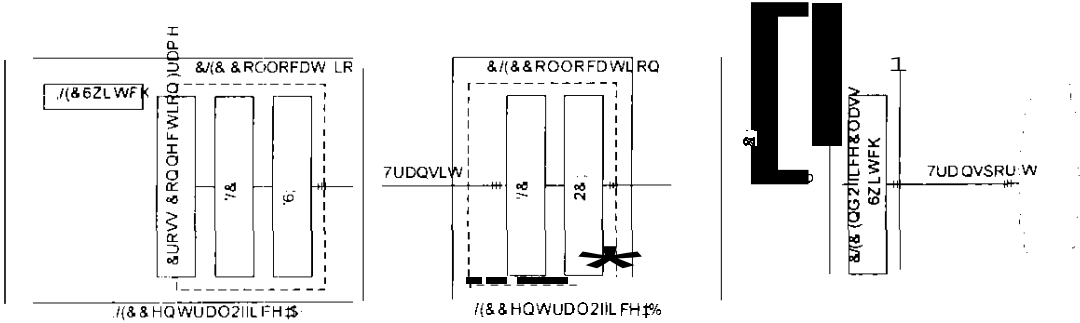
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**A PROCESS THAT IS  
MANUAL ,TEDIOUS,  
AND POTENTIALLY  
PRONE TO ERROR**

Although we think there is little chance the FCC will mandate an ELP system, we believe any successful migration to a UNE-L-based platform will occur only if the FCC includes specific safeguards in its UNE Order providing for timely, error-free and cost effective hot cuts. Some in Washington have even suggested that for phase-out of switching to occur in a particular market, an RBOC would need to specifically demonstrate, perhaps on a state-by-state basis under the aegis of the public utilities commission, the timelines and accuracy of its hot cut procedure much as the RBOCs were forced to demonstrate that their markets were sufficient open to competition before the FCC granted them the ability to offer long distance service.

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## \$77&RQVXPHUGRO

**WE BELIEVE AT&T  
CAN GAIN 3.4  
MILLION LOCAL  
CUSTOMERS BY YEAR.  
END 2003**

In this Section, we discuss our model for forecasting ATBT's success in the consumer local market

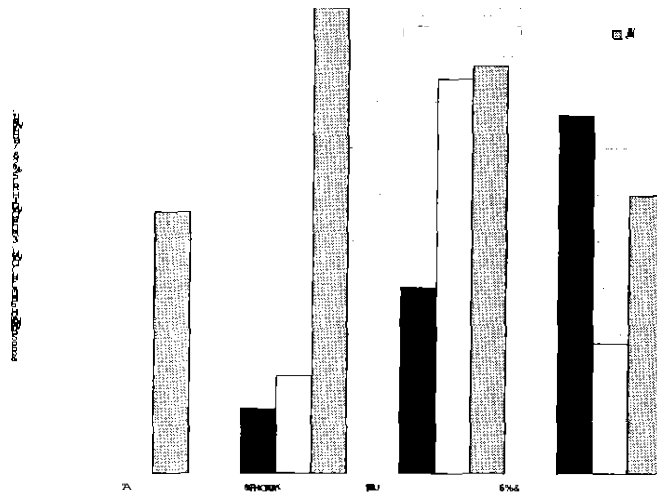
In 2002, ATBT Consumer Services dramatically expanded its local **residential** service customer acquisition program. At the beginning of 2002, ATBT sold local **wireline** telephony service primarily in **two** states (New York and Texas) and had more than one million customers. By the end of the year, ATBT was marketing local **service** in more than eight States representing approximately 45% of RBOC lines, and ended 2002 with about **2.4** million customers. ATBT's new competitive posture was the direct result of reduced UNE-P prices in key states

### Market Entries Increased. But ATBT Will Remain Selective

In 2003, ATBT is likely to maintain its state-by-state strategy for offering local **service**, which will continue to be driven by the level of the UNE-P discount. The company states that it generally requires a 45% gross margin (revenue less UNE-P connectivity costs) to enter a new local market. ATBT plans to offer service in a total of **14-17** markets by year-end 2003, covering **70%** of RBOC access lines, and is targeting 3.5 million "All Distance" customers by year-end 2003. These plans are predicated on the ability to continue offering a UNE-P-based Solution.

ATBT's entry has not been spread evenly across the RBOCs. ATBT has not entered any Qwest states, has entered only one BellSouth state (Georgia) representing **14%** of that RBOC's lines, three Verizon states (representing **41%** of that RBOC's lines excluding the former GTE territories), and five SBC states (representing **77%** of that RBOC's lines). In the third and fourth quarters of 2002, ATBT maintained an advantage in marketing local services in new states relative to the RBOCs gaining long distance entry. This situation will reverse in 2003 as the RBOCs gain long distance entry in all of their states.

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ATBT generally focuses on urban/suburban areas once it begins to offer local residential service within a state. We estimate 69% of ATBT's UNE-P-based customers are in urban/suburban areas. Most states have several UNE-P rate zones and UNE-P rates are typically lower in areas where the population is more dense.

#### Respectable Share Gains to Date

Despite ATBT's limited geographic locus, investors were hoping that the company could make a sizable push into the local market after its impressive third-quarter add performance (more than 100% sequential growth in net adds) and its much-touted Michigan market share gains, but fourth-quarter net adds of only 500.01 (25% sequential growth in net adds) despite entry into California (the largest local voice market in the US), and 2003 guidance for net new customers were both disappointing. In New York, where market shares have stabilized somewhat, AT&T has gained a mid-teens share of the local market. Although the RBOCs have typically captured two and a half to three times the market share of the long distance market than the IXC's have of the local market, it appears that ATBT and other CLECs have captured higher-value local customers who spend three times more than the LD customers of the ILEC.

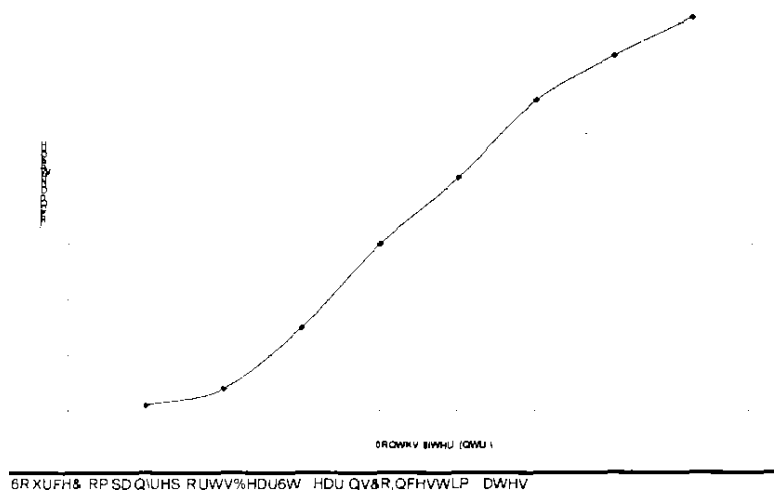
AT&T share gains over time have varied by state, ranging from Texas, where after months the company had less than 6% share, to Michigan, where it gained a 7% share in eight months. Some of this disparity is a function of UNE-P pricing in a given state at the time of ATBT's entry into the local market. The timing of ATBT entry into the local market relative to an RBOC's entry into a long distance market also affects the speed of share gains for ATBT. In Texas, AT&T entered the local market at the same time as SBC entered the long distance market. In Michigan, AT&T

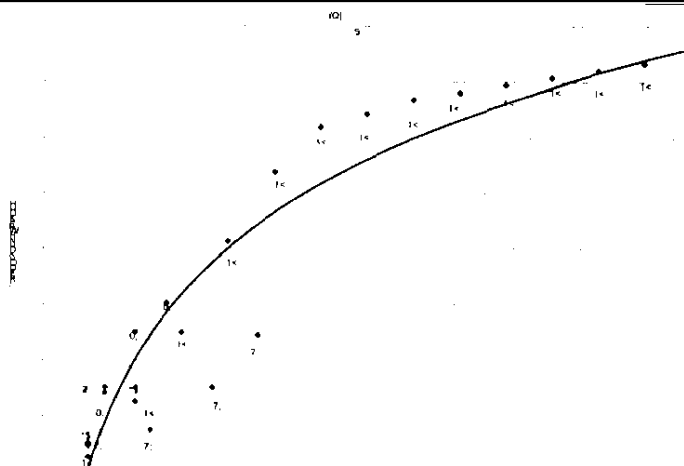
entered the local market before SBC entered the long distance market. Most of AT&T's recent state entries preceded the RBOCs' long distance entry. In four of the five States ATBT entered in 2002 (Ohio, Illinois, California, and New Jersey) ATBT previously claimed market share gains were on a steeper trajectory than they were in Michigan, but the rate of gain appears to have slowed.

If AT&T's share gain in the four states previously mentioned had continued at the Michigan rate of growth, ATBT would have produced closer to 800,000-900,000 new local consumer lines in fourth-quarter 2002 rather than the reported 500,000-line gain.

Based on a regression analysis of ATBT's historical market share success, the company **should** have gained another two to three million local service Customers in 2003, to reach five to six million customers by year-end. Instead, ATBT gained 500,000 consumer local lines in the fourth quarter of 2002 and expects to add only another 1,000,000 in 2003. Given ATBT's fourth-quarter line gains and 2003 forecast, it appears the rate of growth in consumer local has slowed considerably.

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Our forecast for 2003 assumes that AT&T operates in an environment close to today's but considers that the RBOCs will have entered the long distance market every state. Our forecast also assumes that 1) RBOC switches will continue to be available to AT&T. 2) there will be no aggressive RBOC pricing and on any AT&T new state entry occurs late in the year (aside from the company's recent entry into Washington D.C and Indiana): earlier state entries would provide some upside to our forecast. Exhibit 15 outlines some of the other scenarios that might affect AT&T's local strategy and performance in the long term

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Market research indicates that the CLECs are gaining local customers who spend more on average on local service than the average RBOC customer. The average CLEC residential bill for local is more than \$39 per month compared to the average ILEC bill of \$36 per month, according to TNS Tdemm. The average long distance bill of an RBOC is \$13

On a revenue basis, our forecast indicates that local will become a growing share of AT&T's Consumer business. We estimate local will comprise 15% of AT&T's Consumer revenue in 2003 (see Exhibit 17).

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| \$77 & RQVXPH U5HYHQXH LQ PLOOLR QV  |   |   |   |   |   |
| /RF DO7RW DO & RQVXPHU 5HYHQX H      |   |   |   |   |   |
| 6RXUFH% HDU6WH DUQV & RQFHVWLP DWH V |   |   |   |   |   |

Valuation Impact

From a valuation perspective, we believe the market has assigned little to no value to AT&T's Consumer unit as a whole. Thus, in the final analysis, even dire prediction of AT&T shuttering its local service — or even its entire Consumer unit — should have a minimal impact on share value, in our opinion.

|                                                                                                                                                                                                                                                                                              |  |  |  |  |  |  |  |  |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|--|--|--|
| ([KLELW\$776XPRIVBHWV9DOXDWLRQ\$QDOVLV                                                                                                                                                                                                                                                       |  |  |  |  |  |  |  |  |  |
| <div><div><div>6HUYLFHV</div><div>SHYHQH</div><div>00</div></div><div><div>7DUJHW</div><div>HGW</div><div>00</div></div><div><div>3BW</div><div>6XL</div><div>7DUJHWXL</div></div><div><div>9DOXH</div><div>00</div></div><div><div>6HUYLFHV</div><div>SHYHQH</div><div>00</div></div></div> |  |  |  |  |  |  |  |  |  |
| %XVLQH6HUVH                                                                                                                                                                                                                                                                                  |  |  |  |  |  |  |  |  |  |
| 8RQVXPHHUV                                                                                                                                                                                                                                                                                   |  |  |  |  |  |  |  |  |  |
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| 785' 88                                                                                                                                                                                                                                                                                      |  |  |  |  |  |  |  |  |  |
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2WKHUFXUU HQWQVW HWV  
7RWDO FXUU HQWQVW HWVIURPGLV FQWLQXHGRSHU DWLRQV  
~~7RWDO~~

3URSHUWSODQWQD GHTXLSPHQWQHW RIDFXPXODWHGGHSUHFLDWL RO  
'RRGZLOO QHWRIDFFXPXO DWHGDPRUWL DWLRQ  
3UHSDL GSHQVLRQF RVWV  
2WKHUVVHWV  
7RWDO QROFXU UHQWDWHW IU RPLV FROWLQXHGRSHUDWLRQV  
~~7RWDO~~

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~~\$FFRXQWVSDDEOH~~  
3DIUROODQGEHQIL WUHODWHGOL DELOLWLHV  
'HEWPDWXULQJZLWKL QRQH HOU  
2WKHUFXUU HQWOL DELOLWLHV  
7RWDO FXUU HQWOL DELOLWLHV IURPGLV FQWLQXHGRSHUDWLRQV  
~~7RWDO~~HLHV

/RQJWHUPGHEW  
/RQJWHUPEHQHILWU HODWHG OLDELO LWLHV  
'HIHUUHGLQFRPHWD[HV  
2WKHUORQJWH UPOL DELOLWLHV DQGGHIIHU HGFU HGLWV  
7RWDO QRQFXU UHQWOLDEL OLWL HVIURPGLV FQWLQXHGRSHU DWLRQV  
~~7RWDO~~HLHV

OLQRULWL QWHUHVWU RPLV FROWLQXHGRSHUDWLRQV

&RPSDQIREOLJDWHGFRQYHUWLEO HTXDUWHUOL QFRPHSUHIHU UHGVHFXULWL HV

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\$GGLWLRQDO SDGLQFDSL WDO  
\$FFXPXODWHGGHILFL W  
\$FFXPXODWHGRWKHU FRPSUHKHQVL YHORVV  
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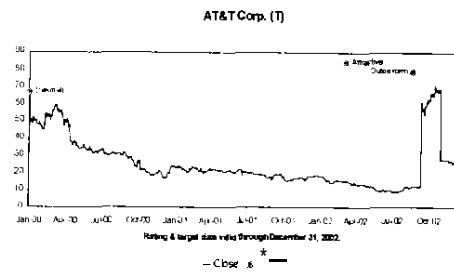
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BSC Recommendation History since January 1 2000 for  
ATLT Corp (T) -

| Date      | Close Price | Rating     | Target |
|-----------|-------------|------------|--------|
| 26-Mar-02 | 15 15       | ATTRACTIVE |        |
| 09 Sep-02 | 12 30       | OUTPERFORM |        |

## Disclosures

### Ratings for Stocks (vs. analyst coverage universe)

Outperform (O) — Stock is projected to outperform analysts industry coverage universe over the next 12 months

Peer Perform (P) — Stock is projected to perform approximately in line with analysts Industry coverage universe over the next 12 months

Underperform (U) — Stock is projected to underperform analysts industry coverage universe over the next 12 months

### Ratings for Sectors (vs. regional broader market index)

Market Overweight (MO) — Expect the industry to perform better than the primary market index for the region over the next 12 months

Market Weight (MW) — Expect the industry to perform approximately in line with the primary market index for the region over the next 12 months

Market Underweight (MU) — Expect the industry to underperform the primary market index for the region over the next 12 months

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Buy (Outperform) 35.0%/ 21.7%

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Not Rated 2.4%/ 32.0%

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\*\*\*\*\*

**From:** FERGUSON. TERRI  
**To:** Michael Copps  
**Date:** Tue, Feb 11, 2003 9:52 AM  
**Subject:** FCC vote on UNEP

> For the health our nation's communication system, the majority of  
> industry employees  
> and shareholders I strongly urge FCC Commissioners to approve Chairman  
> Powell's  
> proposal to phase out UNEP under FCC control, not state regulators.  
> Private industry  
> should no longer be expected to subsidize other telecommunication  
> companies, both  
> large and small. CLECs have gone out of business and others still  
> operating collectively  
> owe RBOCs millions of dollars that will never be collected. Just as we  
> experienced with  
> homeowner insurance premiums here in Texas, the costs will ultimately have  
> to be passed  
> on to consumers. The current structure does NOT benefit consumers in the  
> long run as  
> it was designed to do. In fact, it does the opposite. It is false  
> competition that has  
> created of loss of over 500,000 jobs, and over \$1 trillion in shareholder  
> value. Let's stop  
> bad policy now, with the hands qualified to do the job -- THE FCC.  
>  
> Terri S. Ferguson  
> Financial Consultant  
> A G. Edwards & Sons, Inc.  
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> 281 374 6800  
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**From:** Frank Stepczyk  
**To:** Michael Copps  
**Date:** Thu, Feb 6, 2003 1:53 PM  
**Subject:** SAVE UNE-P !!!!!

Sincerely,

Frank Stepczyk

Western Regional Sales Manager

Access One. Inc.

1960 E. Grand Avenue Ste. 970

El Segundo, CA 90245

PH: 310-355-1500

**FX:** 310-355-1551



February 6<sup>th</sup>, 2003

Dear Commissioner Michael Copps:

I ask your support for the continued availability of the "UNE-Platform."

My company, Access One, offers local telephone service in select SBC territories. The company has achieved increasing success largely because it utilizes the combination of "unbundled network elements" - the UNE-Platform - to serve customers. It is absolutely critical that we have continued access to the UNE-Platform to remain competitive.

Unfortunately, the Regional Bell Operating Companies have launched a full-scale attack on the UNE-Platform, realizing it is a major threat to their continued market dominance. Their strategy is to impose certain restrictions on individual network elements that would destroy the competitive value of the UNE-Platform. If the RBOCs succeed, it will all but end any chance for consumers to enjoy the benefits of meaningful competition in local phone service.

Please oppose any effort at the Federal Communications Commission or at state agencies to limit the availability of the UNE-Platform. The UNE-Platform should be firmly and permanently established as a viable service option for competitive telecom carriers.

Thank you very much for your time and attention to this important matter.

Sincerely,

Frank M. Stepezyk, Jr.  
Western Regional Sales Manager  
Access One Incorporated



**From:** Fritz Kreiss  
**To:** Michael **Copps**  
**Date:** Wed, **Feb** 5, 2003 8:20 PM  
**Subject:** UNE-P

2-4-03

To whom it may concern:

I ask your support for the continued availability of the "UNE-Platform "

My company, Alternative Utility Services, offers local telephone service in Ameritech, Verizon and Bell South regions. The company has achieved increasing success largely because it utilizes the combination of "unbundled network elements" - the UNE-Platform - to **serve** customers. We have saved money **for** over 1,000 business clients and **have** over 32 sales representatives that earn a living thanks to UNE-P. It is absolutely critical that we have continued access to the UNE-Platform to remain competitive.

Unfortunately, the Regional Bell Operating Companies have launched a full-scale attack on the UNE-Platform, realizing it is **a** major threat to their continued market dominance. Their strategy is to impose certain restrictions on individual network elements that would destroy the competitive **value** of the UNE-Platform. If the RBOCs succeed, it will all but end **any** chance for consumers to enjoy the benefits of meaningful competition in local phone **service**. New technology and upgrades depends on competition and competition with an incumbent **monopoly** that has paid off its investment with public dollars does not create an opportunity **for** change.

Please oppose any effort that will limit the availability of the UNE-Platform. The UNE-Platform should be firmly and permanently established as a viable service option for competitive telecom carriers.

Thank you very much for your time and attention to this important matter.

Sincerely,

Fritz Krriis  
President  
AUS